



# newsletter

## december 2009



### Editorial

A Pre-budget report geared towards economic recovery and trying to win the next election. Almost everyone will be a little worse off but for most clients little changes. The debate will now be about who will be able to cut public spending

CGT rates stay low and little of substance changes in the business tax regime unless you want an electric car.

**"overall a determinedly understated pre-budget statement"**

Freezing the tax bands and increasing NIC rates will fund the reduction of borrowing: the sooner both parties acknowledge that NIC is a tax and there is a single set of rules, the better.

There are no new rules restricting use of companies in partnerships which we are now using in planning for clients; despite rumours before the day.

Glad that they are determined to increase high speed broadband, but not sure that £6 tax on phone lines helps.

Overall a determinedly understated pre-budget statement, perhaps it could not be otherwise. ■ **Andrew Webster**

### Pre-Budget 2009

*A summary of the key changes*

Whilst the Pre-budget report as a whole was distinctly under-whelming there are a few points in the detailed briefing papers that will or may affect you, our clients.

#### Businesses

For client businesses with employees there will be a further 0.5% increase in the employer's NI contributions to 13.8% from April 2011.

Since employees will also face increases in their contributions now is a good time to get some advice on tax and NI-efficient remuneration. Whether you consider salary sacrifice schemes, approved share options or an LLP there are ways we can help to reduce the tax and NI burden.

For unincorporated businesses this NI increase along with the deferral of the proposed increase in the small companies Corporation Tax rate may tip the balance making incorporation worthwhile-talk to your Account Manager & arrange a review.

For our innovative business clients there is some good news—a new 10% rate of tax on patent income and a relaxation of the conditions to qualify for R&D tax credit relief may reduce tax for these businesses.

If you are considering the purchase of new cars or vans for your business it is well worth considering the electric options. The pre-budget report has, subject to EC approval, introduced a 100% first year allowance for the purchase of new electric vans from April 2010. In addition, there will be no taxable benefit on the private use of electric cars or vans until 2015.

#### Individuals

In addition to the increases to employer NIC, both employed and self-employed, will have a further 0.5% increase in NI rates. This means that from April 2011 the main rate will be 12% for employees and 9% for the self-employed, with the rate for earnings over the upper threshold up to 2%. Coupled with the freezing of

the tax bands this means that individuals will be worse off.

Clients with annual income of £150,000 or more will already be aware of the plans to cap tax relief for pension contributions from April 2011 and the so-called anti-forestalling measures to stop people making large contributions before then.

**"this NI increase...may tip the balance making incorporation worthwhile"**

The bad news is that the anti-forestalling measures have been tightened to include anyone earning £130,000 or more. HMRC changed the definition of income to include the value of employer pension contributions. Now would be a good time to revisit any planned pension contributions. Contact your Account Manager to arrange a meeting with one of the tax team.

More detail on the Pre-budget can be found on our website; in particular EMI changes, new rules on EIS companies owned by partnerships, changes to R&D tax credits or on HMRC website for the fine detail. Please speak to your Account Manager for more information. ■ **Joanne Lamberth**

### Key dates

#### Online filing

Deadline for filing Self-Assessment returns online.

Please note 31st January is a Sunday this year so we would encourage you to get your tax returns in by 29th January.

#### Tax dates

##### 30 Dec 2009

■ If your tax liability is <£2,000 and you want it collected through PAYE you need to file your return online by today

##### 28 Feb 2010

■ Last day to pay your 2008-09 tax bill to avoid a 5% surcharge



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## Companies Act 2006

### The final instalment

The largest overhaul in company law is finally completed as the remaining provisions of the Act came into effect on 1st October 2009.

#### Do your company's Articles comply with the 2006 Act?

We advise all companies to review their Articles and bring them up to date at an early stage to ensure that they both comply with and benefit from the new legislation.

#### "We advise all companies to review their Articles"

In particular, existing Articles should be reviewed to see whether they contain provisions empowering directors to refuse to register a share transfer without giving reasons – a standard provision in Articles set up prior to 1st

October 2009. The 2006 Act requires directors to give written reasons to a proposed transferee of shares.

An Articles review may produce the following benefits:

- Allowing the company to take advantage of deregulation e.g. holding a General Meeting with only 14 days notice.
- Allowing a private company with only one class of shares to allot shares without restriction.
- Removing the need to hold AGMs.
- Removing unnecessary authorised share capital provisions.

These procedural relaxations are likely to benefit single director/member companies.

## Benefits for single director/member companies

### New Companies House forms

The new annual return form has caused particular anxiety, given that additional information needs to be disclosed including:

- residence of the director
- details regarding corporate officers
- details of the rights attaching to the shares of the company

If you would like to discuss any of the issues above or if you have any other Companies Act 2006 queries please call me on 01223 507080 or email [liz@tax.uk.com](mailto:liz@tax.uk.com) ■ **Liz Hooley**

## E-filing for Corporation Tax

### Compulsory for accounting periods ending after 31 March 2010

Online filing for Corporation Tax returns and electronic payment of corporation tax will be compulsory for all returns due after 31 March 2011. This will therefore affect returns and payments for any accounting periods ending after 31 March 2010.

Companies will have to include in the electronic file:

- CT600 return
- Accounts and
- Tax computations

The documents will have to be filed in "inline extensible business reporting language" (iXBRL) and key items in the documents will need to carry electronic iXBRL tags eg turnover,

operating profit, called-up share capital. This will enhance HMRC's ability to scrutinise returns electronically – enabling them more easily to identify returns that look unusual for enquiry.

Currently tax and accounting software providers are working to prepare versions of their products that will comply with the HMRC requirements, although as far as we are aware no-one has yet released a working iXBRL package. However, we are confident that we will have access to appropriate packages in time for the 31 March 2011 deadline.

We will be keeping our website up to date with new developments on this issue as they arise. ■ **Joanne Lamberth**

## EMI grants

### 10 year deadline

The Enterprise Management Incentive Scheme (EMI) has been a feature of employee remuneration packages since it was introduced in 2000.

Whilst the benefits have been eroded in recent years, with the loss of taper relief and the introduction of the new flat-rate of Capital Gains Tax (CGT), as an HMRC approved share option scheme it remains very attractive to key employees.

It is important though to remember that the beneficial tax status is only preserved if the option is exercised within 10 years of the date it was granted. EMI options exercised after the 10 year anniversary are subject to the unapproved share options rules—with the growth in value between grant and exercise being subject to Income Tax rates (up to 40% instead of 18% CGT)!

If you have any unexercised EMI options check the grant date. Even in the current economic climate it may pay to exercise. Don't miss the deadline. Talk to your Account Manager to about a tax review of your options to advise you on the best course of action. ■ **Joanne Lamberth**

## Introducing the client MOT

### Our new tax and financial planning review

This month sees the launch of our new client MOT review.

"The beauty of our MOT is that it provides an opportunity every 3 or 4 years to look closely at your tax and financial position as a whole and ensure that your financial plans are leading you to

where you want to be", says MD, Andrew Webster.

The MOT will be available to both new and existing clients. Please contact your Account Manager if you would like to know more. ■ **Bryony Baines**

## Our Expert Team

Gary Eves



Gary Eves FCCA

Joined the firm in 2007, to manage the Accounts & Business Tax team as Catriona moved into her role as Director of Operations.

**Andrew.** Has your role changed since you joined us in 2007?

**Gary.** My initial role was to manage the A&BT team, maintaining the high standards already in place. Due to personnel changes, I have also been involved in the management of the personal tax team. Recently a stronger emphasis has been placed on my role in

promoting the A&BT team to potential clients, including attending networking events such as Cambridge Business Breakfast Club.

**A.** What have you brought to the A&BT team?

**G.** I've been working in practice since 1993, so hopefully my experience has rubbed off on the team. As we are a small team it's quite easy to pass on knowledge to others. I'm a fairly relaxed person and don't tend to panic, and try to ensure the team feels the same. Accountancy can be very stressful at times, especially where key deadlines need to be met. I try to impress on the team that they don't need to be stereotypical accountants and they are allowed a sense of humour.

**A.** How does working at AW Ltd differ from your previous roles?

**G.** Before joining AW Ltd in 2007 I worked in a small local practice for just over 13 years. I worked my way up from Junior Accountant through ACCA qualification finally becoming a Director/Shareholder. As it was a family-run business, the opportunities to develop my own ideas were extremely limited. I decided a change was necessary so that I could promote my own methodology, which I am able to do with the A&BT team that I now manage. What initially attracted me to AW Ltd was its focus on future development and its strong IT

base. I was surprised to find a practice of its size having developed its own accounting software.

**A.** What is the biggest challenge in your work?

**G.** As the client portfolio grows the challenge is to ensure that our high standards are maintained. I am keen to expand the team but not to the detriment of our quality. Therefore careful workflow planning is essential. The key challenge here is to educate clients that leaving the submission of records to us until the last minute is not necessarily a good idea!

**A.** What are you especially proud of?

**G.** Qualifying as an accountant was pretty special; I can still remember the moment vividly. I was on holiday at the time and struggling to find internet access to obtain results. I had better also mention getting married (just in case Wendy reads the newsletter!)

**A.** What do you do outside work?

**G.** Living in North Norfolk means I have the unique hobby of sitting in heavy traffic on the A10! As a result holidays are key to me and I try to get away a couple of times a year. The Gambia beckons in March. I also try to get on the golf course as much as I can. If anybody wants a game just let me know ■

## My current challenges

Development of the A&BT team

My challenge is to ensure the continued growth and development of my team through growth of our client portfolio, while maintaining our high standards. Our current team is extremely knowledgeable and efficient and its members have the ability to continue to advance within the organisation. This will give others with similar drive and determination the chance to join the team.

As well as the natural growth from client referral, my aim is to raise the profile of Andrew Webster Limited in Cambridge and the surrounding area. We have recently linked-up with auditors in Newmarket, and in Cambridge expanding the services we can provide. Through this link we have already been able to provide independent

examinations for both a Co-operative society regulated by the Industrial and Provident Society Act and a sports and social club.

Due to increased regulation these services are now being withdrawn by many small accounting practices, leaving only the larger firms with the ability to complete the work, which inevitably means higher fees for the clients.

The audit link also allows us to offer a complete service to larger companies who require a statutory audit, those with turnover in excess of £6.25m. We can now match the expertise of much larger accounting practices while maintaining the personal and high quality service we pride ourselves on that is often lacking in the larger firms. ■

Gary Eves

## Who's who

Accounts and Business Tax

**Catriona Freebairn** A Chartered Certified Accountant and our Operations Director. Catriona ensures the efficient running of AW Ltd and remains Account Manager to her client portfolio.

**Corinna Deighton** On maternity leave until 2010 when she plans to return to her dual role as Account Manager and Software Developer.

**Chris Coombs** Account Manager and current ACCA student. Chris is taking his final exam in December 2009.

**Michael Gray** A Chartered Certified Accountant and responsible for all payroll services to our clients.

**Erich Schreiber** Accounts Assistant, joined us in 2009. Eric is a graduate in business and economics.

## Working with clients

Dr Spike Bucklow

It is difficult to provide a brief introduction to my client, Dr Spike Bucklow. His career has followed a very varied path. He has a degree in Chemistry, specialising in Organic Chemistry, and a doctorate



in the History of Art. He also designed and built the prosthetic puppets people will remember from "Spitting Image" in the 1980's. He is now a conservation scientist for the Fitzwilliam Museum and author of "The Alchemy of Paint".

In this issue, Spike talks us through

### "I now advise on the treatment of Old Master paintings"

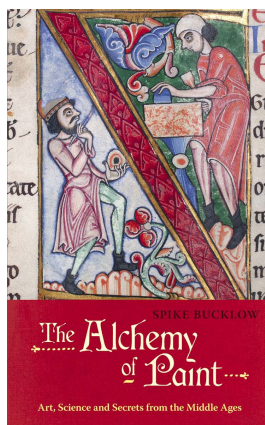
his career to date and explains how he got to where he is today and what he sees as the common thread linking his various roles.

"I trained as a chemist at university, but most of my friends were at art school and, through them, I got involved in making special effects for films and TV. I was one of the large army of self-employed techni-

cians in London who worked on blockbusters such as "Star Wars" and "Indiana Jones" in the days before computer-generated imagery. When CGI started to supplant rubber puppets, I became a student again in order to become computer literate. This led to a job on the Cambridge Science Park where I worked in contract research and development, and where projects came and went in a manner not too dissimilar to the film industry. My intention was to move back to special effects but, quite by chance, I found out about the conservation of paintings.

This prompted me to become a student (yet again) to be able to apply my chemistry and computing knowledge to the care of paintings.

I now advise on the treatment of Old Master paintings from collections that include the Fitzwilliam Museum, Cambridge Colleges, the National Trust, English Heritage, Westminster Abbey, as well as paintings from private collections. This commercial work helps to support, and is dove-tailed into, a post-graduate course that teaches con-



servation and a programme of research into Old Master paintings.

Now paintings come and go through the studios, just as R&D projects "the work at the Fitzwilliam continues the work I used to do in the film industry"

came through the Science Park and films came through Elstree, Pine-wood and the special effects workshops that clustered around them. Each career move has involved significant downsizing, but the work at the Fitzwilliam continues the work I used to do in the film industry—applying science to the service of art, if special effects movies can indeed be called art!"

With so many strings to his bow, Spike is a very busy person. Since 2006 he has engaged Andrew Webster Limited to deal with his tax affairs. He explains how working with AW Ltd has helped him stay on top of things.

"Tax affairs became slightly more complicated when I started working evenings and weekends on a book in parallel with my employment at the University. The book was published this summer (see <http://people.pwf.cam.ac.uk/sb10029>) and I hope it will be sufficiently successful to necessitate further support from AW Ltd!"

We wish Spike every success with his excellent book. ■ **Bryony Baines**

## More than one earning activity?

Some common ways to prevent overpayment of tax and NICs

Clients like Spike, who have more than one earning activity can, without planning, end up paying too much tax and National Insurance upfront. Whether you have several employments or a mixture of employments and self-employments there are a few simple things we can do to ensure this doesn't happen to you:

- Consider deferring NIC contributions
- Check your PAYE coding notices

- Consider whether combining your activities in a single structure eg a company or LLP would improve your position
- Ensuring that your allowances and basic rate tax bands are fully utilised

Don't wait until you submit your tax return information to tell us about a new income source. The earlier we know about your new income source, the quicker we can plan for it.

■ **Bryony Baines**

## VAT

Return of the 17.5% rate

The standard VAT rate is back to 17.5% from 1 January 2010. Don't forget to adjust your invoice templates.

### Contact us

Please contact us with any questions that you may have. Feedback on our newsletter is also always welcome! [info@tax.uk.com](mailto:info@tax.uk.com)



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